



天津天聯公用事業股份有限公司  
TIANJIN TIANLIAN PUBLIC UTILITIES COMPANY LIMITED

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
Stock Code: 8290



2008

1st Quarterly Report

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “Directors”) of Tianjin Tianlian Public Utilities Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## Highlights

- Turnover of approximately RMB28,601,000 for the three months ended 31 March 2008.
- Gross profit of approximately RMB13,313,000 for the three months ended 31 March 2008.
- Net gain of approximately RMB5,735,000 for the three months ended 31 March 2008.

## Results

The Board of Directors (the “Board”) of Tianjin Tianlian Public Utilities Company Limited (the “Company”) is pleased to present the unaudited results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2008 together with the unaudited comparative figures for the three months ended 31 March 2007 as follows:

### Condensed Consolidated Income Statement

For the three months ended 31 March 2008

	NOTES	Three months ended	
		2008 RMB'000 (unaudited)	2007 RMB'000 (unaudited)
Turnover	3 & 4	<b>28,601</b>	14,284
Cost of sales		<b>(15,288)</b>	(10,829)
Gross profit		<b>13,313</b>	3,455
Other income	5	<b>1,174</b>	372
Selling expenses		<b>(7)</b>	(8)
Administrative expenses		<b>(5,068)</b>	(2,311)
Finance costs	6	<b>(548)</b>	(520)
Profit before tax	7	<b>8,864</b>	988
Income tax expense	8	<b>(3,129)</b>	(498)
Profit for the period		<b>5,735</b>	490
Attributable to:			
Equity holders of the parent		<b>5,735</b>	490
Earnings per share			
— basic (RMB cent)	10	<b>0.56</b>	0.05

# Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2008

## 1. GENERAL

The Company was established at 55 Hei Niucheng Road Hexi District, Tianjin, the People's Republic of China (the "PRC") as a joint stock limited company. The Company's overseas-listed foreign shares ("H Shares") were listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas. One of the subsidiaries of the Company is dormant and has commenced the procedure of deregistration. Another subsidiary of the Company was established on 25 January 2008.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated income statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The amounts included in this interim financial information have been computed in accordance with Hong Kong Financial Report Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

## 3. TURNOVER

Turnover represents revenue from gas connection contracts, net of business and related tax and surcharges, and from the sales of gas and gas appliances, net of value added tax.

## 4. SEGMENT INFORMATION

### *Business segments*

For management purposes, the Group is currently divided into three divisions, namely gas connection construction, sales of gas and sales of gas appliances. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

**Three months ended on 31 March 2008**

	Gas connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidation RMB'000
Revenue	18,668	9,920	13	28,601
Segment result				
before depreciation	13,511	1,390	2	14,903
Depreciation	—	(1,483)	—	(1,483)
Segment result	13,511	(93)	2	13,420
Unallocated other income				1,174
Unallocated corporate expenses				(5,182)
Finance costs				(548)
Profit before tax				8,864
Income tax expense				(3,129)
Profit for the period				5,735

**Three months ended on 31 March 2007**

	Gas connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidation RMB'000
Revenue	4,327	9,870	87	14,284
Segment result				
before depreciation	3,143	1,871	37	5,051
Depreciation	—	(1,496)	—	(1,496)
Segment result	3,143	375	37	3,555
Unallocated other income				372
Unallocated corporate expenses				(2,419)
Finance costs				(520)
Profit before tax				988
Income tax expense				(498)
Profit for the period				490

## 5. OTHER INCOME

Included in other income, there is a government subsidy of RMB1,033,000 (three months ended 31 March 2007: RMB313,000), which represents the subsidy from the government for encouraging the Group doing business in Jinnan development zone.

## 6. Finance costs

	Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Interest on bank borrowings wholly repayable within five years	548	520

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Depreciation of property, plant and equipment	1,915	1,961
Amortisation of prepaid lease payments included in administrative expenses	36	38
Operating lease rentals	134	149
Bank interest income	(141)	(59)

## 8. INCOME TAX EXPENSE

	Three months ended 31 March	
	2008	2007
	RMB'000	RMB'000
The charge comprises:		
Current PRC enterprise income tax	3,135	508
Deferred taxation	(6)	(10)
	<b>3,129</b>	498

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations would impose a single income tax rate of 25% for all the enterprises from 1 January 2008.

The Company is subject to the PRC enterprise income tax rate of 25% for the period (three months ended 31 March 2007: 33%).

The subsidiaries did not have taxable profit for both periods.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

## 9. DIVIDEND

The directors do not recommend the payment of any dividend for the period (three months ended 31 March 2007: nil).

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 March 2008 and three months ended 31 March 2007 are based on the profit attributable to equity holders of the parent for the period of RMB5,735,000 and RMB490,000 respectively and the weighted average number of 1,027,279,121 shares of the Company ("Shares") (three months ended 31 March 2007: 995,000,000 Shares) in issue during the periods.

No diluted earnings per share has been presented as the Company had no dilutive potential ordinary shares during the period or at the balance sheet date.



## 11. SHARE PREMIUM AND RESERVES

	Share capital	Share premium	Statutory surplus reserve	Enterprise expansion fund	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2007 (audited)	99,500	31,667	10,837	—	73,160	215,164
Profit for the period and total recognized income for the period	—	—	—	—	490	490
At 31 March 2007 (unaudited)	99,500	31,667	10,837	—	73,650	215,654
Profit for the period and total recognized income for the period	—	—	—	—	61,449	61,449
At 31 December 2007 (audited)	99,500	31,667	10,837	—	135,099	277,103
Profit for the period and total recognized income for the period	—	—	—	—	5,735	5,735
Issue of H Shares	15,460	249,464	—	—	—	264,924
Share Issue expenses	—	(13,459)	—	—	—	(13,459)
Appropriation	—	—	6,143	3,072	(9,215)	—
At 31 March 2008 (unaudited)	114,960	267,672	16,980	3,072	131,619	534,303

## 12. RELATED PARTY TRANSACTIONS

- (a) During the period, the following related party transactions took place:

Name of related party	Nature of transactions	Three months ended 31 March	
		2008 RMB'000	2007 RMB'000
天津市燃氣集團有限公司 (Note i)	Purchase of gas	8,304	7,839
	Entrusted management fee (Note ii)		71

Notes:

- (i) 天津市燃氣集團有限公司 is the substantial shareholder of the Company.
- (ii) On 27 September 2006, the Company entered into an agreement with 天津市燃氣集團有限公司, whereby the Company agreed to acquire certain plant and equipment located in Xiqing, Tianjin (the “Xiqing Assets”) from 天津市燃氣集團有限公司 at a consideration of RMB7,194,000 (the “Asset Transfer Agreement”). Though the transfer of Xiqing Assets had already been completed in early October 2006, the Company decided to entrust 天津市燃氣集團有限公司 to manage the Xiqing Assets from the completion date of the Asset Transfer Agreement until 31 January 2007 pursuant to the provision stated in the Asset Transfer Agreement, with a view to ensure normal operation of the Xiqing Assets after the transfer. The Company agreed to pay management fee of RMB71,000 per month to 天津市燃氣集團有限公司.
- (b) Material transactions with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government. In addition, the Group's substantial shareholder is 天津市燃氣集團有限公司 which is controlled by PRC government (these entities other than 天津市燃氣集團有限公司 are hereinafter collectively referred to as “State-Owned Enterprises”). During the period, the Group had material transactions with some of these State-Owned Enterprises in its ordinary and usual course of business.

While the directors of the Company consider State-Owned Enterprises are independent third parties so far as the Group's business transactions with them are concerned, for the purpose of the report for this period, the Group has identified the nature and quantified the amounts of its material transactions with State-Owned Enterprises in addition to the transactions referred to in 13(a) above, during the period as follows:

	Three months ended 31 March	
	2008 RMB'000	2007 RMB'000
Gas connection contract revenue	8,314	—
Gas connection contract cost	2,333	—
Interest expense	180	520

Except as disclosed above, the Directors are of the opinion that transactions with other State-Owned Enterprises are not significant to the Group's operations.

(c) Guarantee

At 31 December 2007 and 31 March 2008, the short term bank loan of RMB30,000,000 was guaranteed by 天津市燃氣集團有限公司.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Three months ended	
	31 March	2007
	2008	2007
	RMB'000	RMB'000
Short-term benefit	309	298
Post employment benefit	3	2
	<b>312</b>	300

## Management Discussion and Analysis

The Group was successfully listed on GEM on 9 January 2004.

### Business Review

For the three months ended 31 March 2008, the Group reported a revenue of approximately RMB28,601,000, representing an increase of approximately 100% as compared with the corresponding period in the previous year. The Group's net profit for the three months ended 31 March 2008 amounted to approximately RMB5,735,000 (three months ended 31 March 2007: approximately RMB490,000).

### SEGMENTAL INFORMATION ANALYSIS

During the period, the Group has implemented its formulated development strategies to provide piped gas connection to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Gas connection is the major source of income for the Group, which is followed by sales of piped gas and sales of gas appliances. The Group will further expand the operation in these two areas, in order to attain its strategic objectives for this year.

## FINANCIAL RESOURCES

The Group is generally funded by equity financing and bank borrowings. As at 31 March 2008, the Group had bank borrowings of RMB30,000,000 from Industrial Bank.

The Group mostly uses Renminbi in its operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

## CONTINGENT LIABILITIES

As at 31 March 2008, the Group had no material contingent liabilities or guarantees.

## Prospects

With the fast growth of China's economy and the gradual increase of private investments, all the recent factors indicate that the growth of the energy industry in China remains strong. Combined with the special attention of the State on the West-to-East Pipeline Project and environmental protection measures, the gas industry in China is still growing rapidly. In view of environment protection and efficiency, the Chinese government plans to gradually reduce the use of coal and instead encourage the use of green fuels such as various natural gases.

Benefiting from the reformation of gas companies across China and the considerable demands, the Group expects to further increase the market share. The directors and management of the Company will try their best to bring satisfactory returns to shareholders.

The Group plans to further explore the following areas in the future:

- Focus on the balanced development of various gas-related businesses and make efforts to develop the piped gas market, including participating in the urban natural gas pipeline network projects in local areas by way of mergers or acquisitions.
- Continue to advance the research, evaluation, negotiation and other work related to existing projects, and ensure the fulfillment of the business objectives.
- Continue to strengthen the financial management of the Group. The Group also aims to continuously lower the operating costs and maximize the revenue from the operating projects.

- Further its efforts in personnel training and recruitment, facilitate the smooth operations and developments of the Group, develop positive corporate culture, and upgrade the management of the Company.

Based on these achievements, the Group will further strengthen the operating management of existing businesses and input greater resources into the market development.

## Directors', Chief Executives' and Supervisors' Interests in Securities

As at 31 March 2008, the interests and short positions of the Directors, chief executives and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors of the Company as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### Long position

#### Domestic Shares of RMB0.1 each in the capital of the Company

Name of Director/Supervisor	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Ms. Tang Jie	Beneficial owner	41,700,000	3.63%/6.41%
Mr. Bai Shao Liang (please see Note 2 under the section "Substantial Shareholders")	Held by controlled corporation	235,925,000	20.52%/36.32%

Save as disclosed in the above paragraph, as at 31 March 2008, none of the Directors, chief executives and supervisors of the Company had interest or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and supervisors of the Company as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## Substantial Shareholders

So far as known to the Directors, as at 31 March 2008, the following, not being a Director, chief executive or supervisor of the Company, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

### Long position

#### Domestic Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Tianjin Beacon Coatings Co., Ltd (Note 1) 天津燈塔塗料有限公司	Beneficial owner	118,105,313	10.27%/18.18%
Tianjin Gas Group Company Limited 天津市燃氣集團有限公司	Beneficial owner	253,809,687	22.08%/39.07%
Tianjin Wanshun Real Estate Company Limited 天津市萬順置業有限公司	Beneficial owner	235,925,000	20.52%/36.32%

Name of shareholder	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Tianjin Wanshun Business Development Company Limited (Note 2) 天津市萬順商務發展有限公司	Held by controlled corporation	235,925,000	20.52%/36.32%
Ms. Li Sha (Note 2)	Family	235,925,000	20.52%/36.32%
Mr. Bai Shao Peng (Note 2)	Held by controlled corporation	235,925,000	20.52%/36.32%
Ms. Zhang Xiu Ying (Note 2)	Family	235,925,000	20.52%/36.32%

Note 1: Tianjin Tsinlien Investment & Trade Company Limited changed its name to Tianjin Beacon Coatings Co. Ltd on 20 January 2004.

Note 2: Tianjin Wanshun Business Development Company Limited ("Wanshun Business Development") holds 80% interest in Tianjin Wanshun Real Estate Company Limited ("Wanshun Real Estate"). Mr. Bai Shao Liang holds 34.40% and 20% interests in Wanshun Business Development and Wanshun Real Estate respectively and is the sole executive director of Wanshun Real Estate. Ms. Li Sha is the wife of Mr. Bai Shao Liang. Mr. Bai Shao Peng holds 65.60% interests in Wanshun Business Development. Ms. Zhang Xiu Ying is the wife of Mr. Bai Shao Peng. Under the SFQ, Wanshun Business Development, Mr. Bai Shao Liang, Ms. Li Sha, Mr. Bai Shao Peng and Ms. Zhang Xiu Ying are taken to be interested in all the shares of the Company ("Shares") held by Wanshun Real Estate.

## Long position

### H Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of H Shares held	Approximate percentage of interests in the Company/ H Shares of the Company
Liu Hei Wan	Interests held jointly with another person (note 1)	14,500,000	1.26%/2.89%
	Held by controlled corporation (note 2)	30,000,000	2.60%/6.00%
Law Suet Yi	Interests held jointly with another person (note 1)	14,500,000	1.26%/2.89%
	Interest of spouse (note 3)	30,000,000	2.60%/6.00%
The Waterfront Development Group Limited	Beneficial owner (note 2)	30,000,000	2.60%/6.00%
Martin Currie (Holdings) Limited	Held by controlled corporation (note 4)	40,000,000	3.47%/8.00%

#### Notes:

1. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly hold the 14,500,000 H shares of the Company.
2. The Waterfront Development Group Limited is wholly owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.
3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.



4. Martin Currie Inc and Martin Currie Investment Management Limited are indirectly wholly owned by Martin Currie (Holdings) Limited and thus both of them are controlled corporations of Martin Currie (Holdings) Limited. Martin Currie (Holdings) Limited is deemed, or taken to be, interested in the 16,000,000 Shares and the 24,000,000 Shares beneficially owned by Martin Currie Inc and Martin Currie Investment Management Limited respectively for the purpose of the SFO.

Save as disclosed above, as at 31 March 2008, the Directors are not aware of any person, not being a Director, chief executive or supervisor of the Company, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

## Purchase, Sale or Redemption of the Company's Listed Securities

On 27 February 2008, the Company entered into a placing agreement (the "Placing Agreement") with Kingsway Financial Services Group Limited in relation to the placing of an aggregate of 170,060,000 H Shares ("Placing Shares") at a placing price of HK\$1.90 per Placing Share on a best effort basis to not less than six independent professional, institutional and/or individual investors.

The Placing Shares were placed at a placing price of HK\$1.90 per Placing Share, (exclusive of stamp duty (if any), brokerage (if any), Stock Exchange trading fees and SFC transaction levy) which represents:

- (i) a discount of approximately 7.77% to the closing price of HK\$2.06 per H Share as quoted on the Stock Exchange on 27 February 2008, being the last full trading day immediately before the signing of the Placing Agreement;
- (ii) a discount of approximately 4.71% to the average of the closing prices of HK\$1.994 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 February 2008;
- (iii) a discount of approximately 4.52% to the average of the closing prices of HK\$1.99 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 27 February 2008; and
- (iv) a premium of approximately 169.53% over net asset value per H Share of approximately RMB0.684 as at 30 June 2007 as shown or derived from the unaudited consolidated balance sheet of the Group made up to 30 June 2007.

The Placing Shares comprise of (1) 154,600,000 new shares of the Company (“New Shares”) allotted and issued by the Company and (2) an aggregate of 15,460,000 H shares of the Company (“Sale Shares”) converted from the same number of state-owned domestic shares of the Company transferred from 天津燈塔塗料有限公司 (Tianjin Beacon Coatings Co., Ltd) and 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited) to the 全國社會保障基金理事會 (National Social Security Fund Council of the PRC). The Placing Shares represent approximately 51.53% and 17.09%, respectively, of the issued H share capital and the registered capital of the Company prior to the completion of the Placing and approximately 34.01% and 14.79%, respectively, of the issued H share capital and the registered capital of the Company as enlarged by the issue of the New Shares and the conversion of the Sale Shares. The Directors consider that the placing will enable the Group to raise further equity capital and strengthen the capital base of the Company. The net proceeds of the placing of the New Shares were approximately HK\$280 million (representing a net placing price of approximately HK\$1.81 per New Share). The entire net proceeds from the placing of the Sale Shares would be remitted to the Ministry of Finance of the PRC. The Company intends to use the net proceeds from the placing of the New Shares for the construction and investment in gas pipeline infrastructure, acquisition of assets and working capital. The placing of the Placing Shares was completed on 13 March 2008.

Save as disclosed above, during the three months ended 31 March 2008, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## Directors’ Interests in Contracts

No contract of significance to which the Company or its subsidiaries was a party and in which a Director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period under review or at any time during the period.

## Competing Interests

As at 31 March 2008, the Directors are not aware of any business or interest of the Directors, the management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## Corporate Governance

The Company had complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the period of review.

During the three months ended 31 March 2008, the Company had complied with the Code on Corporate Governance Practice set out in Appendix 15 to the GEM Listing Rules.

## Arrangements to Purchase Shares or Debentures

At no time during the period under review was the Company or its subsidiaries a party to any arrangements to enable the Directors and supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Code of Conduct Regarding Securities Transactions by Directors

During the three months ended 31 March 2008, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

## Audit Committee

The Company established an audit committee on 3 December 2003 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Professor Zhang Yu Li, Mr. Luo Wei Kun and Mr. Chan Shun Kuen. The Audit Committee has reviewed the report for this period.

By order of the board

**Tianjin Tianlian Public Utilities Company Limited**

**Sun Bo Quan**

*Chairman*

Tianjin, PRC, 13 May 2008